

VZCZCXYZ0000
RR RUEHWEB

DE RUEHLP #0066/01 0101941
ZNR UUUUU ZZH
R 101941Z JAN 07
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC 2039
INFO RUEHAC/AMEMBASSY ASUNCION 6432
RUEHBO/AMEMBASSY BOGOTA 3753
RUEHBR/AMEMBASSY BRASILIA 7627
RUEHBU/AMEMBASSY BUENOS AIRES 4879
RUEHCV/AMEMBASSY CARACAS 2125
RUEHPE/AMEMBASSY LIMA 2206
RUEHMD/AMEMBASSY MADRID 3250
RUEHMN/AMEMBASSY MONTEVIDEO 4320
RUEHQT/AMEMBASSY QUITO 4762
RUEHSG/AMEMBASSY SANTIAGO 9352
RUEHUB/USINT HAVANA 0062
RULSDMK/DEPT OF TRANSPORTATION WASHINGTON DC
RUEANHA/FAA NATIONAL HQ WASHINGTON DC
RHMFIUU/HQ USSOUTHCOM MIAMI FL
RUMIAAA/USCINCSO MIAMI FL
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RHEHNSC/NSC WASHINGTON DC

UNCLAS LA PAZ 000066

SIPDIS

SENSITIVE
SIPDIS

STATE FOR WHA/AND LPETRONI
STATE PASS TO DOT FOR CCOLDREN AND BHEDBERG
STATE PASS TO FAA FOR CCAPESTANY AND KBERQUIST
COMMERCE FOR EALFORD AND JANGLIN
TREASURY FOR SGOOCH

E.O. 12958: N/A

TAGS: [EAIR](#) [ECON](#) [PREL](#) [PGOV](#) [BL](#)

SUBJECT: AIRLINES REACT CAUTIOUSLY TO NEW VISA REQUIREMENTS

REF: A. LA PAZ 55
[1](#)B. 06 LA PAZ 3289

SUMMARY

[1](#)1. (U) Airline representatives reacted cautiously to the GOB's January 1 announcement of new visa requirements (ref A), noting that while they expected tourism to decline, they believed business travel would remain largely unaffected. Executives lamented the GOB's lack of preparation but said they were more concerned about other, more pressing issues, namely the continued scarcity of jet fuel and a late November increase in the price of fuel used for international flights (ref B). End summary.

A RANGE OF CONCERNS

[1](#)2. (SBU) Airline representatives reacted cautiously to the GOB's January 1 announcement of new visa requirements for American tourists (ref A), noting that while they expected tourism to decline, they believed the volume of business travel would remain largely unchanged. American Airlines Country Manager Drago Komadina told Econoff January 10 that most of the carrier's passengers were business travelers, which meant the expected decline in passenger traffic would be smaller than some believed. Komadina said his most immediate concern involved pilots and flight attendants, as all personnel would soon need visas unless exempted by a special rule. Other executives echoed his concerns. Lloyd Aereo Boliviano (LAB) General Manager Franklin Taendler said

he expected a significant drop in passenger traffic, as 40 percent of the carrier's clients are tourists, and AeroSur Sales Manager Jimmy Phillips predicted a substantial decline in the airline's ability to fill its planes.

13. (SBU) Executives lamented the GOB's disorganization and lack of preparation but said they were more concerned about other, more pressing issues, namely the continued scarcity of jet fuel and a late November increase in the price of fuel used for international flights (ref B). Komadina mentioned that a fuel shortage delayed the airline's January 10 departure from Santa Cruz more than 90 minutes, a relatively common event since shortages first appeared in early November, and said the GOB had made few attempts to resolve the situation, despite December promises to increase domestic refining capacity or import new supplies. Taendler and Phillips told Econoff that fuel shortages had delayed several flights and forced the cancellation of at least three others. They also said business had suffered from a late November increase in the price of fuel used on international flights, noting that the overnight increase raised fuel costs by several million dollars per month, a substantial hike for airlines with shaky bottom lines.

COMMENT

14. (SBU) While all consider the GOB's new visa requirements "bad news," airline executives seem to believe they will be able to adapt to the change. Concerns about an expected decline in tourism are largely overshadowed by more immediate fuel supply and pricing problems, which means executives can put the visa issue on the back burner - at least until the GOB makes its implementation plans clear and announces the date on which the new requirement will go into effect. End comment.
GOLDBERG